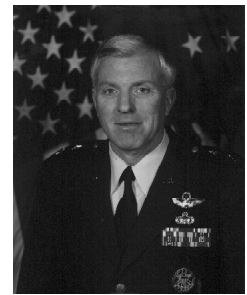


# NOTES FROM THE:

## Deputy Assistant Secretary, Budget

by Major General Larry W. Northington



**FY99 Close Out.** FY99 was a tough year on the O&M front. To achieve a soft landing we had to pull back \$110M from four command's flying hour programs. This funding plus \$87M received from the OMNIBUS reprogramming covered only our most critical bills. We slipped deferrable requirements to FY00 to make it through the end of year and could not help you with some of your pressing needs.

**FY00 Initial Distribution.** FY00 will be another extremely challenging year. After Operating Budget Review Committee results were briefed through the corporate process to the SECAF/CSAF, FY00 execution was facing a negative \$256M in risk—an acceptable amount out of a program exceeding \$20B. However, Congressional marks in the Appropriation Conference depleted much of the FY00 funding appropriated in the FY99 Emergency Supplemental which increased our risk commensurately. Due to the sizeable increase in our beginning risk, we had to pass the 0.38% Congressional across-the-board cut (\$129M for active O&M) to the commands, and may still require reprogramming help—constrained by the difficulties of sourcing—to close the gap. We will have two Budget Executing Reports in FY00 to review your critical execution issues, but you should not anticipate much additional funding from the Air Staff. O&M will not get well this year so you must make the best choices possible to meet overall Air Force objectives.

**FY00 Contingency Operations.** FY99 contingencies are behind us and now we're focusing on developing the FY00/01 budget justification for contingency operations. We ended FY99 fighting for funding from the FY99 Kosovo Emergency Supplemental, which enabled us to provide resources to support most of your requirements for Operations Allied Force, Shining Hope, Sustain Hope, and operations in Southwest Asia and Bosnia. We could not have accomplished this challenge without timely and accurate input from the MAJCOMs. USD Comptroller and OMB scrutinized Kosovo requirements supporting the air campaign and reconstitution/redeployment well into September.

At the request of Congress, the GAO prepared an audit on the availability of contingency funding, as the Kosovo operations were ongoing. The level of scrutiny employed during Kosovo Operations has set the stage for future contingency budget requests. In recent OSD Comptroller guidance they note, Although Congress has been generally supportive of the Department's contingency requirements, many members have become concerned with the relative lack of justification data concerning U.S. participation in contingency operations... In response to this concern, the House Appropriations Committee (HAC) included a new general provision, section 8111, in its FY00 Appropriation Bill which requires DoD to include the same type of budget justification material for contingency operations as provided for other DoD activities.

To prepare the Air Force for the Contingency Operations Program Budget Decision (PBD 096), MAJCOMs were asked to provide cost estimates for FY00 participation in Southwest Asia, Bosnia, and Kosovo (Joint Guardian only). This input set the funding baseline requirement for FY00/01. In light of increased Congressional interest, we have to enhance our budget justification for contingency requirements. The call for FY00 Air Force Contingency Operations Cost (ref mes-

sage 071108Z Oct 99) reflects the Congressional request for additional details. The days of carte-blanche reimbursement for your ESP-coded obligations are behind us. To ensure the necessary resources are available to support these real-world operations, the same level of scrutiny we apply to establishing our normal O&M baseline requirements must be used in developing requirements for contingency operations.

**Financial Information Resources System (FIRST) Restart.** After a year delay due to FY99 Congressional action, the FIRST acquisition effort is back on track. The enacted FY00 budget included funding for FIRST. On 25 October 1999, SAF/AQ approved a FIRST acquisition strategy. The FIRST Senior Review Group (SRG), chaired by Mr Bob Stuart, SAF/FMB, reviewed both the acquisition and spiral development strategies. Many activities are underway. Phase two of the architecture definition contract started in September 1999, with a completion date of March 2000. We completed detailed requirements definition for the Funds Management and the Acquire Accounting application spirals. We have started on the Budget Formulation spiral that we expect to be complete next July. We will need community wide support in the upcoming year as we modernize our budget systems.

**Budget and Accounting Classification Code (BACC) Responsibility Center/Cost Center Standardization Effort.** BACC is the framework for interrelating planning, programming, budgeting, execution, and accounting functions. BACC architecture provides the means to record financial transactions using a standard coding structure. A Task Force consisting of DFAS and service representatives developed a coding structure composed of major fields, each having related data element groups and data characters. The current structure includes 271 data characters and forty-six (46) data element groups. Thirty-three (33) of the data element groups meet standard DoD requirements. Thirteen (13) of the data element groups are service specific and are coded with a combination of DoD standard and service unique codes. The ABIDES Funds Management Pilot, a funds distribution system, will be fielded and tested at SAF/FMB starting in April 2000 utilizing the BACC coding structure in its validity tables. The pilot program will test a requirements and software technique that may be incorporated in FIRST or provide insights for applying other techniques. An Air Force Work Center Integrated Process Team (IPT) has been working since November 1998 to review the Responsibility Center/Cost Center coding structure. The IPT Team was directed to develop a standard Work Center Coding Structure. Work Center is the DoD nomenclature for this BACC data element. The standard Work Center Coding Structure must identify organizations to be consistent with BACC structure. The current RC/CC structure is a six-digit alphanumeric code in accordance with DFAS-DE 7000.1-R, Responsibility Center/Cost Center codes. The standard structure will be a seven-digit alphanumeric code. The IPT will rewrite DFAS-DE 7000.1 as a new AFI 65-XXX to incorporate this revised standard structure. This effort is now about ninety percent complete.